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High Arctic Announces Reorganization to Create Two Energy Services Companies, Return of Capital to Shareholders, and Annual General and Special Meeting of Shareholders

CALGARY, Canada – May 11, 2024 – High Arctic Energy Services Inc. (TSX: HWO) ("High Arctic" or the "Corporation") is pleased to announce that its Board of Directors ("Board") has unanimously approved the reorganization of High Arctic to separate the Corporation's North American and Papua New Guinea ("PNG") businesses, by way of a court-approved plan of arrangement (the "Arrangement"), as well as a distribution of surplus cash to shareholders by way of a return of capital of up to \$38.2 million (up to \$0.76 per common share) of High Arctic (the "Return of Capital"). The Arrangement will transfer High Arctic's PNG business to a separate, dedicated, and independent, publicly traded company named "High Arctic Overseas Holdings Corp." ("SpinCo"), while High Arctic will continue to own and operate the Corporation's existing North American Business. Each of the two companies will have its own management and operational teams and separate Board of Directors.

Under the proposed Arrangement, each shareholder of High Arctic ("Shareholder") will receive one-quarter of one (1/4) common share of SpinCo ("SpinCo Common Share") and one-quarter of one (1/4) common share of post-Arrangement High Arctic for each common share of High Arctic held. The Arrangement, the Return of Capital, and other resolutions related to the reorganization, as well as annual meeting matters, will be put to the Shareholders for approval at an annual general and special meeting of shareholders of the Corporation to be held in Calgary, Alberta on June 17, 2024 (the "Meeting"). As a result of the Arrangement, each Shareholder will continue to own its pro rata portion of both SpinCo and post-Arrangement High Arctic.

Strategic Rationale

High Arctic's Board and management are of the view that the Corporation has historically been unable to derive appropriate value from the market that represents the sum of the parts. The Corporation has also found a lack of synergy between the businesses in PNG and Canada. In separating the PNG business from the Corporation, High Arctic's Board and management believe value can be created for the Shareholders. For the holders of SpinCo Common Shares, separation provides the opportunity for SpinCo to consider transactions with a wider group of PNG focused companies, and greater flexibility to relocate in the future to a market that better understands PNG and is likely to ascribe greater value to SpinCo. For the holders of post-Arrangement High Arctic common shares, the transaction opens-up opportunities for High Arctic to participate in Canadian M&A activity where the PNG business may have been perceived as an impediment to accretive transactions.

For years the Corporation has both pursued or entertained potential business combination transactions. The distinctly different profiles of the North American and PNG businesses have proven to be the main impediment to identifying transactions acceptable to all parties and in the best interests of Shareholders. Finding unique companies desirous of being linked to both distinct businesses has proven unsuccessful. Companies to whom association with our North American Business may be attractive are a distinctly broader group and do not overlap with the international companies with whom the PNG business and its risk profile may fit well.

Board and management unanimously agree that the separation of these two businesses will ensure that management is dedicated to enhancing the value of each business and accessing new pathways to transformative and accretive transactions that are currently inaccessible.

Benefits to Shareholders

Certain of the expected benefits to Shareholders of the Arrangement are as follows:

- The benefits of dividing the Corporation into its distinct businesses;
- Each company will be owned by Shareholders on a pro rata basis with reference to the number of High Arctic Common Shares held prior to the Arrangement;

- The Arrangement is expected to improve the market's identification and valuation of each company and allow Shareholders, investors and analysts to more accurately compare, evaluate and value each of the companies on a stand-alone basis against appropriate peers, benchmarks and performance criteria specific to that company;
- Each company will have independent access to capital (equity and debt) which management believes will result in optimal capital allocation;
- The procedures by which the Arrangement is to be approved, including the requirement for approval of the Arrangement by the Court after a hearing at which fairness to the Corporation's securityholders will be considered;
- The Corporation has received the financial Fairness Opinion (defined below);
- The availability of rights of dissent to Shareholders with respect to the Arrangement; and
- The tax treatment of the Arrangement is expected to be tax efficient for Canadian tax purposes for most shareholders.

Board and Management of High Arctic and SpinCo

The Hon. Joe Oliver has informed the Corporation that he does not intend to stand for re-election as a director at the Meeting and will resign on May 15, 2024. Mr. Oliver has served as a director of High Arctic for eight years, and his intention to resign coincides with the Arrangement and the setting of a new strategic direction for the remaining Corporation, which he supports.

Michael Binnion, High Arctic's Chairman stated: "On behalf of the Board, I would like to thank the Honorable Joe Oliver for his dedication and commitment to High Arctic during his tenure. Joe has played an important role in the evolution of High Arctic including the challenges of a global pandemic and a rebuilding of the businesses that sets the stage for a new and independent future. We wish Joe all the very best."

Upon completion of the Arrangement and election or re-election by Shareholders at the Meeting, the Board of High Arctic will consist of:

Simon Batcup (Chair)
 Douglas Strong
 Michael Binnion
 Craig Nieboer

The management of High Arctic will consist of:

Michael Maguire (Interim CEO)
 Lonn Bate (CFO)
 Trevor Barker (GM Operations)
 Justin Morrival (Business Development Manager)

High Arctic is actively pursuing permanent CEO placement options. If the Arrangement is approved, Mr. Maguire will assume the role in an interim capacity and transition duties to a new CEO appointed by the Board.

The management of SpinCo will consist of:

Mike Maguire (CEO)
 Lonn Bate (Interim CFO)
 Stephen Lambert (COO)
 Chris Fraser (VP Strategy & Growth)
 Matthew Cocks (VP Finance)

The Board of SpinCo, upon completion of the Arrangement, will consist of:

Michael Binnion (Chair)
 Mike Maguire
 Bruce Apana

Summary of the Arrangement

The Corporation and SpinCo have entered into an arrangement agreement providing for the Arrangement (the "Arrangement Agreement"). A copy of the Arrangement Agreement will be filed under High Arctic's profile on SEDAR+ at www.sedarplus.ca. Full details of the Arrangement, the Return of Capital, and the other items to be approved by the Shareholders at the Meeting will be included in the management information circular of High Arctic to be mailed to Shareholders on or about May 13, 2024.

The Arrangement will require approval by a minimum of 66 2/3% of the votes cast by High Arctic Shareholders, voting in person or by proxy, at the Meeting. The Arrangement is also subject to the approval of the TSX and the Court of King's Bench of Alberta, and applicable regulatory approvals and the satisfaction of certain other closing conditions customary for transactions of this nature. It is anticipated that the Return of Capital will be distributed to Shareholders on or about July 24, 2024, and the closing of the Arrangement will take place on or about July 31, 2024, assuming that the required Shareholder, Court and regulatory approvals have been received by such time, and subject to the other terms and conditions set out in the Arrangement Agreement.

Application has been made to the TSX Venture Exchange for the listing of the SpinCo Common Shares upon completion of the Arrangement. It is a condition of the completion of the Arrangement that the new common shares of High Arctic and the SpinCo Common Shares will be listed on either the Toronto Stock Exchange or will be listed on the TSX Venture Exchange.

Lightyear Capital Inc. has provided to the Board of Directors an opinion ("Fairness Opinion") that, as of the date of the Fairness Opinion and based upon and subject to the assumptions, limitations, qualifications and conditions described therein, the consideration to be received by Shareholders pursuant to the Arrangement was fair, from a financial point of view, to such Shareholders.

Summary of the Return of Capital

In July 2022 the Corporation made a strategic decision to divest certain well servicing and snubbing assets in Canada, to two separate purchasers, and in July 2023 the Corporation sold its Canadian nitrogen pumping business (collectively, the "Sale Transactions").

As a result of receiving the cash proceeds of the Sale Transactions, the Corporation had working capital of approximately \$62.7 million which included a cash balance of approximately \$50.4 million as at December 31, 2023. Although the Corporation reviewed opportunities to redeploy its excess working capital in North America and elsewhere, the High Arctic Board has determined to seek shareholder approval for the Arrangement and the Return of Capital.

Pursuant to the provisions of the Alberta Business Corporations Act, the Corporation proposes to reduce the capital account maintained by the Corporation in respect of the High Arctic Common Shares in an amount up to \$0.76 multiplied by the number of High Arctic Common Shares issued and outstanding, such amount to be determined by the Board. Approval of the Stated Capital Reduction enables High Arctic to distribute the same amount to Shareholders as a Return of Capital. High Arctic anticipates that the aggregate amount of the return of Capital will be a maximum of \$38.2 million. The Return of Capital is expected to be completed immediately prior to the completion of the transactions contemplated by the Arrangement.

The Return of Capital will require approval by a minimum of 66 2/3% of the votes cast by High Arctic shareholders, voting in person or by proxy, at the Meeting.

Board Recommendation

The Board of Directors of High Arctic, including the Hon. Joe Oliver, has unanimously approved the Arrangement and the Return of Capital and has determined that the Arrangement and the Return of Capital are in the best interests of High Arctic, and recommends that the High Arctic shareholders vote in favour of the Arrangement and the Return of Capital.

Other Matters to be Approved at the Meeting

At the Meeting, provided that the Arrangement is approved by the Shareholders, the Shareholders will also be asked to approve the accelerated redemption of all outstanding units under the Corporation's deferred share unit plan, as well as an equity incentive plan for SpinCo. Shareholders will also be asked to approve various annual matters, including fixing the number of directors to be elected at the meeting, election of the directors of the Corporation, and appointment of the auditors of the Corporation.

About High Arctic

High Arctic is an energy services provider. High Arctic is a market leader in Papua New Guinea providing drilling and specialized well completion services and supplies rental equipment including rig matting, camps, material handling and drilling support equipment. In western Canada High Arctic provides pressure control and other oilfield equipment on a rental basis to exploration and production companies, from its bases in Whitecourt and Red Deer, Alberta.

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Forward-Looking Statements

Forward-Looking Statements. Certain statements contained in this press release may constitute forward-looking statements. These statements relate to future events or High Arctic's and SpinCo's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. High Arctic believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon by investors. These statements speak only as of the date of this press release and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this press release contains forward-looking statements, pertaining to the following: the anticipated benefits of the Arrangement to High Arctic and its Shareholders; the timing and anticipated receipt of required regulatory (including stock exchange), court, and shareholder approvals for the Arrangement; the ability of High Arctic to satisfy the other conditions to, and to complete, the Arrangement; the anticipated timing of the mailing of the information circular regarding the Arrangement, the closing of the Arrangement, the approval by the Board and the amount and payment of the Return of Capital, and the composition of the management teams and Board of Directors of SpinCo and post-Arrangement High Arctic.

In respect of the forward-looking statements and information concerning the anticipated completion of the proposed Arrangement, the anticipated timing for completion of the Arrangement and related transactions, High Arctic has provided them in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the time required to prepare and mail shareholder meeting materials, including the required management information circular; the ability of the parties to receive, in a timely manner, the necessary regulatory, court, shareholder and other third party approvals; and the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Arrangement. These dates may change for a number of reasons, including unforeseen delays in preparing meeting material; inability to secure necessary shareholder, regulatory, court or other third party approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Reorganization. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release concerning these times.

With respect to forward-looking statements contained in this press release related to High Arctic's business and operations, High Arctic has made assumptions regarding, among other things: (i) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, damage to equipment or otherwise during the balance of 2024; (ii) that the exchange rate between the Canadian dollar and the U.S. dollar will be approximately consistent with current levels; (iii) the ability of the Corporation and SpinCo to maintain ongoing relationships with major customers and successfully market their services to current and new customers; (iv) the ability of High Arctic and SpinCo to successfully manage, operate, and thrive in an environment which is facing much uncertainty; and (v) the ability of High Arctic and SpinCo to obtain equity and debt financing when needed on satisfactory terms.

The actual results of High Arctic and SpinCo could differ materially from those anticipated in these forward-looking statements as a result of risk factors that may include, but are not limited to: volatility in the worldwide demand for oilfield services; impact on industry activity levels due to such factors as volatility in oil and natural gas prices and

the ability of customers to raise capital for exploration and development; change in legislation and the regulatory environment; changes in PNG government policy on resource development; risks inherent in operating in foreign jurisdictions; and geohazards and meteorological hazards associated with operating in PNG.

This forward-looking information represents High Arctic's views as of the date of this document and such information should not be relied upon as representing its views as of any date subsequent to the date of this document. High Arctic has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Except as required by law, High Arctic undertakes no obligation to publicly update or revise any forward-looking statements.